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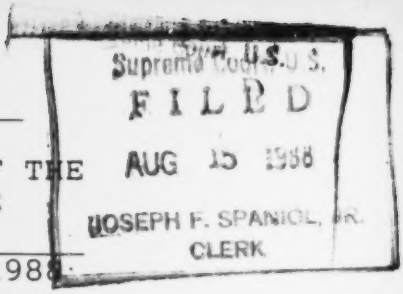

No. _____

IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1988

MICHAEL F. MCCARTHY and
HAROLD T. OKAHARA
Petitioners

vs.

THE UNITED STATES OF AMERICA
Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SUPPLEMENTAL APPENDIX (Superseding Indictment for Conspiracy and Mail and Wire Fraud - filed on March 7, 1985)

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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,	CR. NO. 85-00132-05
Plaintiff,	SUPERSEDING INDICTMENT FOR CONSPIRACY AND MAIL AND WIRE FRAUD
vs.	
DANIEL R. MATSUKAGE, (01)	
CURTIS J. BERNHARDT, (02)	(18 U.S.C. 371, 1341, 1343 AND 2)
MICHAEL F. McCARTHY, (03)	
HAROLD T. OKAHARA, JR., (04)	
and CARL J. BERNHARDT, (05)	
Defendants.	

[Filed on March 7, 1985]

SUPERSEDING INDICTMENT FOR
CONSPIRACY AND MAIL
AND WIRE FRAUD

COUNT 1 (CONSPIRACY)

THE GRAND JURY CHARGES:

A. INTRODUCTION

At times material to this indictment:

1. DANIEL R. MATSUKAGE, defendant herein, was the President of Pacific Standard Investment and Loan, Inc., and the President of Real Estate Finance Corporation.

2. Pacific Standard Investment and Loan, Inc., hereinafter referred to as PACIFIC, an industrial loan company, was organized and existing under the laws of the State of Hawaii, with its principal place of business located at 888 Mililani Street, Honolulu, Hawaii. PACIFIC was authorized by state law to solicit public funds for deposit into

PACIFIC and to make loans to the public provided that PACIFIC complied with the laws, regulations, restrictions, and limitations governing industrial loan companies in Hawaii.

3. Real Estate Finance Corporation, hereinafter referred to as REFC, a mortgage servicing company, was organized and existing under the laws of the State of Hawaii, with its principal place of business located at 888 Mililani Street, Honolulu, Hawaii. Pursuant to its agreements with mortgage companies, REFC would collect monthly mortgage payments, deposit those payments into trustee accounts at FDIC insured banks, forward monthly principal and interest payments to the mortgage companies, and pay property taxes and other mortgagor expenses when due.

4. CURTIS J. BERNHARDT, defendant herein, exercised control of

Norfolk Investment Company, Ltd. and Norfolk's associated companies.

4. CURTIS J. BERNHARDT, defendant herein, exercised control of Norfolk Investment Company, Ltd. and Norfolk's associated companies.

5. Norfolk Investment Co., Ltd., hereinafter referred to as NORFOLK, was organized and existing under the laws of the State of Hawaii, with its principal place of business located at 888 Mililani Street, Honolulu, Hawaii. NORFOLK and NORFOLK's associated companies were established for the purpose of attempting to profit from investments in real estate developments, oil ventures, fishing production and other interests.

6. MICHAEL F. McCARTHY, defendant herein, hold principal administrative positions in NORFOLK and various NORFOLK associated companies.

7. HAROLD T. OKAHARA, JR., defendant herein, a Certified Public Accountant, was the Chief Financial Officer for the NORFOLK and NORFOLK associated companies.

8. CARL J. BERNHARDT, defendant herein, held administrative positions in NORFOLK and various NORFOLK companies.

B. OBJECTS OF THE CONSPIRACY

From on or about December, 1977 and continuing through on or about December 3, 1981, in the District of Hawaii and elsewhere, DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR. and CARL J. BERNHARDT, defendants herein, and others, did willfully, knowingly and unlawfully combine, conspire, confederate and agree to commit offenses against the United States, that is:

1. To willfully and knowingly devise a scheme and artifice

to defraud and a scheme and artifice to obtain money and property by means of false and fraudulent pretenses, representations and promises, and by omissions of material facts and for the purpose of executing said scheme and artifice and attempting to do so did transmit and cause to be transmitted letters by means of the United States mail, in violation of Title 18, United States Code, Section 1341;

2. To willfully and knowingly devise a scheme and artifice to defraud and a scheme and artifice to obtain money and property by means of false and fraudulent pretenses, representations and promises and by omissions of material facts, and for the purpose of executing said scheme and artifice and attempting to do so did transmit and cause to be transmitted certain writings, signs, signals, and

sounds in interstate commerce by means of a wire communication, in violation of Title 18, United States Code, Section 1343.

C. WAYS AND MEANS OF ACCOMPLISHING CONSPIRACY

1. In furtherance of the conspiracy and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, from December 1977 and continuing until December 8, 1981 entered into and actively engaged in a community of business interests built upon mutual reliance, transactions and participation with each other to acquire, fund, maintain and expand the business interests of REFC, NORFOLK and NORFOLK's associated companies in real estate investment and development, oil

ventures, fishing production, and other interests, by fraudulently taking, transferring and diverting monies held in the care and custody of REFC and in the care and custody of PACIFIC.

2. In furtherance of the conspiracy and as part of the scheme and artifice to defraud, the defendants DANIEL M. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY and others, on or about December 28, 1978, when PACIFIC had a cash balance in its checking accounts of no more than $45,600, caused approximately $600,000 to be deposited and redeposited three different times in such a way to make it appear as if the capital stock of PACIFIC had increased by approximately $2,000,000, when in fact no such actual increase had taken place, so that the defendants could increase the total

amount of money that PACIFIC could solicit from public investors.

3. In furtherance of the conspiracy and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, CARL J. BERNHARDT, and others from 1978 to 1980, designed, organized and implemented depositor solicitation programs to attract large amounts of funds from members of the public to be deposited and reinvested at PACIFIC, said solicitation programs offering high interest rates and other benefits to depositors.

These solicitation programs were:

(a) The six-month, $10,000 money-market investment certificate program,

(b) Smart Savers-Timberline Foods program,

(c) San Pedro Packers program,

(d) Simon and Seafort program,

(e) Slavish and Associates program,

(f) Jumbo interest program.

4. In furtherance of the conspiracy and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and other, from 1979 to June, 1981, caused PACIFIC's funds, acquired through the depositor solicitation programs, to be loaned, disbursed and advanced, to the defendants, REFC, NORFOLK, and NORFOLK's associated companies and NORFOLK's employees, many of such loans, disbursements and advances being made to the detriment of PACIFIC and PACIFIC's depositors, contrary to safe and sound banking policy and practice, and in violation of

state banking laws, said loans, disbursements and advances, including but not limited to, the following:

04-01088	Velzeyland Properties 12/31/79 $3,000,000.00 Velzeyland Properties 01/05/81 $19,866.85 Velzeyland Properties 01/06/81 $15,000.00 Velzeyland Properties 01/06/81 $7,034.00 Velzeyland Properties 01/24/81 $40,000.00 Velzeyland Properties 01/30/81 $17,895.00 Velzeyland Properties 01/30/81 $10,000.00 Velzeyland Properties 01/29/81 $9,039.45 Velzeyland Properties 01/29/81 $2,500.00
04-01089	American Resources, Ltd. 12/31/79 $2,511,248.94 American Resources, Ltd. 01/30/81 $12,795.00
04-00997	Development, Inc. 08/30/79 $1,475,000.00
02-00865	Michael F. McCarthy 12/29/78 $1,046,392.00
02-00869	Michael F. McCarthy 01/11/79 $33,000.00
02-00987	Michael F. McCarthy 08/23/79 $106,007.50
02-00993	Michael F. McCarthy 08/29/79 $219,013.69

02-00994	Michael F. McCarthy 08/29/79 $160,000.00
02-00995	Michael F. McCarthy 08/29/79 $65,000.00
04-01013	Michael F. McCarthy 09/28/79 $83,650.00
04-01014	Michael F. McCarthy 09/28/79 $124,500.00
04-01015	Michael F. McCarthy 09/28/79 $93,150.00
02-01025	Michael F. McCarthy 10/10/79 $260,000.00
02-01030	Michael F. McCarthy 10/12/79 $200,000.00
01-01159	Michael F. McCarthy 05/07/80 $10,000.00
01-00958	San Pedro Packers 07/20/79 $50,000.00
02-01039	San Pedro Packers 08/10/79 $500,000.00
02-1040	San Pedro Packers 10/29/79 $225,000.00
04-01096	San Pedro Packers 12/13/79 $111,809.35
04-01008	Norfolk Investment Co., Ltd. 09/21/78 $90,000.00
04-00867	Norfolk Investment Co., Ltd. 12/29/78 $1,150,000.00

04-00866 Norfolk Investment Co., Ltd. 12/29/79 $800,000.00

04-00915 Real Estate Finance Corp. 05/25/79 $1,982,000.00

02-01012 Harold Okahara 09/28/79 $470,544.25

02-01033 Harold Okahara 10/17/79 $285,009.75

04-01062 Harold Okahara 11/19/79 $1,419,562.95

04-1152 Harold Okahara 05/02/80 $13,200.00

01-1153 Harold Okahara 05/02/80 $19,419.58

04-01162 Daniel R. Matsukage 05/22/80 $192,000.00

5. In furtherance of the conspiracy and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others from 1979 to June, 1981, caused and attempted to cause security and collateral for loans

previously made at PACIFIC to be released, subordinated and substituted for the benefit of the defendants, REFC, NORFOLK and NORFOLK's associated companies, such releases, subordinations and substitutions being made to the detriment of PACIFIC and PACIFIC's depositors, contrary to safe and sound banking policy and practice, and in violation of state banking laws, said releases, subordinations and substitutions being:

(a) The release and subordination of PACIFIC's secured position in or about April or May 1980, to Parks, Adams and Palmer on the $3,000,000, Velzeyland Properties, Ltd., loan, number 04-01088.

(b) The release and subordination of PACIFIC's secured position on or about September 8, 1980, to that of Commercial Finance on the $3,000,000,

Velzeyland Properties, Ltd., loan, number 04-01088.

(c) The release and substitutions of collateral and security on the $1,982,000 REFC loan, number 04-00915, as follows:

(1) On or about December 4, 1979, a third mortgage on Makawao, Maui, property was released.

(2) On or about January 24, 1980, a second deed of trust on the Sappherine subdivision, Alaska, was substituted as the new collateral.

(3) On January 14, 1981, the Sappherine subdivision second deed of trust was released.

(d) the release and substitutions and attempted releases and substitutions on or about March 25, 1981, of the collateral and security for the REFC loans at PACIFIC for the collateral and

security of the American Resources, Inc. and Velzeyland Properties, Ltd., loan.

6. In furtherance of the conspiracy and as part of the scheme and artifice to defraud the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and other caused PACIFIC, in order to create the appearance of a more favorable cash position at Pacific and to provide additional money to fund the defendants, the business activities of REFC, NORFOLK and NORFOLK's associated companies, to take in large deposits under circumstances and conditions unfavorable to the actual and ultimate financial condition of Pacific and contrary to safe and sound banking policy and practice, said deposits and uses being as follows:

(a) On or about February 8, 1980, a deposit into a thrift account at PACIFIC for escrow purposes, in the amount of $506,421.21.

(b) On or about February 20, 1981, the above deposit, with accrued interest ($617,246.08) was withdrawn and applied as a payment to the American Resources loan, number 04-01089.

(c) Deposits into a thrift account at PACIFIC, for Parks, Adams and Palmer, on or about:

DATES	AMOUNTS
April 17	$100,000
April 23	$300,000
April 30	$ 50,000
May 7	$ 90,000
May 12	$ 60,000
May 27	$151,000

(d) Disbursements to American Resources, on or about:

DATES	AMOUNTS
April 10	$ 85,000
May 8	$ 50,000
May 13	$ 65,000
May 16	$ 15,000
May 16	$ 9,000
June 5	$ 6,000
June 10	$ 3,000
June 23	$ 2,000
June 27	$ 1,000

(e) Disbursements under the following loans:

01-01159 MICHAEL F. McCARTHY
May 7, 1980 $10,000.00

04-01152 HAROLD T. OKAHARA, JR.
May 2, 1980 $13,200.00

04-01153 HAROLD T. OKAHARA, JR.
May 2, 1980 $19,419.58

04-01162 DANIEL R. MATSUKAGE
May 22, 1980 $192,000.00

(f) Reductions in the indebtedness of the following loans, in the following amounts:

NAME	ACCOUNT	AMOUNT
Velzeyland Properties	04-01088	$119,281.41
American Resources, Limited	04-01089	90,508.34
Associated Sunland Ventures, Inc.	05-01131	15,256.62
Norfolk Investment Co. Ltd.	01-01163	5,320.27
Michael F. McCarthy	01-01077	4,948.63
Harold T. Okahara, Jr.	01-01097	13,077.25
Harold T. Okahara, Jr.	01-01153	20,670.70
Harold T. Okahara, Jr.	01-01161	53,073.76
Harold T. Okahara, Jr.	04-01152	14,050.41
Laura Wong	01-01087	21,581.98
Robert Hoffman	04-00813	5,200.00
Harold Estes	02-00783	8,935.37
Michael F. McCarthy	01-01159	10,580.32
Norfolk Investment Co., Ltd.	04-01186	16,219.54

American Resources, Limited	01-01189	8,808.03
American Resources, Limited	01-01191	75,258.19
Accounts Rec. (Jewett Escrow)	135-003-0	18,138.00
Accounts Rec. (Norfolk)	135-011-0	14,677.63
A/R - Rental from Norfolk	135-011-0	24,200.00
Daniel R. Matsukage	04-01162	158,376.23
Closing costs - recording fee $7.00 Title VCCI - $38.40		45.40
		$698,208.08

7. In furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others, from 1978 to August, 1981 caused large amounts of mortgage funds, collected by REFC from

home owners on behalf of their client mortgage companies, to be diverted to PACIFIC, NORFOLK and NORFOLK's associated companies, in violation of mortgage-servicing contracts between REFC and the mortgage companies.

8. In furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others in 1980 and 1981, caused false and fraudulent entries, records, representations and omissions of material facts to be made, to be recorded and published by REFC to present the mortgage companies and the property owners from learning that the monthly mortgage funds had been diverted to PACIFIC, NORFOLK and NORFOLK's associated companies, said false and fraudulent entries, records,

representations and omissions being a) no recordation made of the transfers of REFC trust funds to PACIFIC, b) no recordation of advances to REFC, NORFOLK and NORFOLK companies, and c) no timely recordation of transfers of trust funds into the client mortgage accounts.

9. In furtherance of and as part of the scheme and artifice to defraud, the defendants and others from 1978 to June, 1981 caused false and fraudulent entries, records, representations and omissions of material facts to be made, recorded, published, and used by PACIFIC to prevent the depositors of PACIFIC from learning of the true and actual financial condition of PACIFIC, said false and fraudulent entries, records, representations and omissions of material facts being:

(a) The capital stock, cash position and thrift account amounts on

the year-ending and mid-year published financial statements of PACIFIC, for years 1978, 1970 and 1980.

(b) The cash on hand section of the daily cash position reports from June 3, 1980, to September 11, 1980, and from November 1, 1980, to November 15, 1980.

(c) The thrift account section on the daily cash position reports of 1980 and 1981 which did not reflect the transfer of illegally transferred REFC trust funds.

D. OVERT ACTS

To effect the objects of the conspiracy, the following overt acts were committed by the defendants in the District of Hawaii:

1. On or about December 30, 1977, CURTIS J. BERNHARDT, through his wholly-owned company, C.J.B. Holdings, Ltd., acquired the outstanding stock of

PACIFIC and REFC from DANIEL K. MATSUKAGE.

2. On or about June 30, 1978, CURTIS J. BERNHARDT, through his wholly-owned company, C.J.B. Holdings, Ltd., sold the PACIFIC and REFC stock back to DANIEL R. MATSUKAGE for $5,000,000.00 by a not and a pledge of shares of PACIFIC and REFC stock to NORFOLK as security.

3. On or about November 15, 1978, DANIEL R. MATSUKAGE authorized REFC to transfer $151,000 of its trust funds to NORFOLK.

4. On or about January 29, 1979, PACIFIC sent a letter to San Pedro Packers, Inc., c/o MICHAEL F. McCARTHY, signed by Lawrence W. K. Wong, relating to a PACIFIC agreement with MICHAEL McCARTHY wherein deposits of a minimum of $10,000.00 for a one-year term will earn interest at 10% per annum.

5. On or about February 1, 1979, DANIEL R. MATSUKAGE authorized REFC to transfer $60,000 of REFC trust funds to Norfolk.

6. On or about May 25, 1979, DANIEL R. MATSUKAGE authorized PACIFIC to loan REFC $1,982,000.00 under loan #00-04-00915.

7. On or about May 25, 1979, to September 30, 1979, DANIEL R. MATSUKAGE authorized REFC to transfer $708,885.00 of the loan #00-04-00915 funds to NORFOLK.

8. On or about July 27, 1979, a letter from PACIFIC signed by DANIEL R. MATSUKAGE advertising the Smart Savers card which enabled card holders to purchase meats and seafoods at reduced prices through Timberline Foods, was sent to existing PACIFIC customers.

9. On or about August 10, 1979 , DANIEL R. MATSUKAGE authorized PACIFIC

to advance San Pedro Packers, Inc. $149,507.50.

10. On or about July 30, 1979, DANIEL R. MATSUKAGE authorized PACIFIC to advance San Pedro Packers, Inc. $98,007.50.

11. On or about November 17, 1979, a meeting of DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY and others was held at PACIFIC office at which time CURTIS J. BERNHARDT outlined the formation of Velzeyland Properties and American Resources, Ltd.

12. In or about November, 1979, HAROLD T. OKAHARA received a copy of PACIFIC's Daily Cash Position.

13. On or about November 21, 1979, DANIEL R. MATSUKAGE authorized PACIFIC to advance $305,000.00 to HAROLD T. OKAHARA under loan number 04-1062.

14. On or about November 21, 1979, DANIEL R. MATSUKAGE authorized PACIFIC to advance $93,000.00 to HAROLD T. OKAHARA under loan number 04-1062.

15. On or about November 21, 1979, HAROLD T. OKAHARA made a check in the amount of $396,796.62 payable to MICHAEL F. McCARTHY.

16. On or about November 21, 1979, MICHAEL F. McCARTHY paid PACIFIC a total of $386,796.62 to be applied as payments on his loans.

17. On or about December 4, 1979, DANIEL R. MATSUKAGE released the security for REFC loan No. 04-00915.

18. On or about December 31, 1979, DANIEL R. MATSUKAGE authorized PACIFIC to make loan #04-01088 in the amount of $3,000,000.00 to Velzeyland Properties. Velzeyland Properties received cash of $730,000.00 and assumed

$2,342,139.82 loans of NORFOLK associated companies and HAROLD T. OKAHARA, JR.

19. On or about December 31, 1979, DANIEL R. MATSUKAGE authorized PACIFIC to make loan #04-01089, in the amount of $3,000,000 to American Resources, Ltd. American Resources, Ltd. received cash of $578,300.00 and the balance of $1,932,948.94 was used to assume several of MICHAEL F. McCARTHY's loans.

20. On or about February 20, 1981, DANIEL R. MATSUKAGE and MICHAEL F. McCARTHY caused $617,246.08 to be transferred from an REFC escrow account at PACIFIC to pay off part of the indebtedness under the American Resources loan, number 04-01089.

21. On or about March 24, 1980, DANIEL R. MATSUKAGE authorized a check for $65,000.00 from the account of Real

Estate Finance Corporation - Trustee for Pacific Standard Life Insurance Co. at Liberty Bank to purchase a cashier's check payable to O. R. Limited, a NORFOLK associated company.

22. On or about March 24, 1980, CARL J. BERNHARDT issued a $65,000 check, drawn on O. R., Ltd. at the Bank of Honolulu to pay for a wire transfer to Alaska Pacific Bank to the credit of NORFOLK's "Transfer Account".

23. On or about April 1, 1980, CURTIS J. BERNHARDT requested a representative of Parks, Adams and Palmer, a California partnership, to deposit approximately $600,000 into PACIFIC.

24. On or about April 23, 1980, DANIEL R. MATSUKAGE authorized the deposit of $300,000 from Parks, Adams and Palmer into a thrift account at PACIFIC.

25. On or about April 10, 1980, DANIEL R. MATSUKAGE authorized PACIFIC to advance $85,000.00 to American Resources, Ltd. under loan #04-01089.

26. On or about May 8, 1980, DANIEL R. MATSUKAGE authorized PACIFIC to advance $50,000.00 to American Resources, Ltd. under loan #04-01089.

27. On or about May 13, 1980, DANIEL R. MATSUKAGE authorized PACIFIC to advance $65,000.00 to American Resources, Ltd., under loan #04-01089.

28. On or about June 3, 1980, DANIEL R. MATSUKAGE received a check for $100,000.00 from CURTIS J. BERNHARDT.

29. From on or bout June 3, 1980, to September 11, 1980, DANIEL R. MATSUKAGE and CURTIS J. BERNHARDT caused employees of PACIFIC to hold in its "cash on hand" account a $100,000 check.

30. On or about July 7, 1980, DANIEL R. MATSUKAGE authorized REFC to

transfer mortgage trust fund money totalling $130,000.00 to its savings account "TA-560" at PACIFIC.

31. On or about August 5, 1980, DANIEL R. MATSUKAGE authorized REFC to transfer mortgage trust fund money totalling $100,000.00 to its savings account "TA-560" at PACIFIC.

32. From on or about November 1, 1980, to November 15, 1980, DANIEL R. MATSUKAGE and CURTIS J. BERNHARDT advised employees of PACIFIC to hold in its "cash on hand" account a $750,000 check.

33. On or about September 18, 1980, DANIEL R. MATSUKAGE authorized REFC to transfer mortgage trust fund money of $60,000.00 to its savings account "TA-560" at PACIFIC.

34. On or about November 7, 1980, DANIEL R. MATSUKAGE authorized REFC to

transfer mortgage trust fund money of $76,000.00 to PACIFIC.

35. On or about December 30, 1980, CURTIS J. BERNHARDT deposited $10,000.00 into his savings account "TA-01284" at PACIFIC to improve PACIFIC's year end cash position.

36. On or about December 30, 1980, CURTIS J. BERNHARDT deposited $75,000.00 into his savings account "TA-01802" at PACIFIC to improve PACIFIC's year end cash position.

37. On or about December 30, 1980, MICHAEL F. McCARTHY deposited $10,000.00 into his savings account "TA-01805" at PACIFIC to improve PACIFIC's year end cash position.

38. On or about January 5, 1981, CURTIS J. BERNHARDT withdrew the $10,000.00 from his savings account "TA-01284" at PACIFIC which he had deposited on December 30, 1980.

39. On or about January 5, 1981, CURTIS J. BERNHARDT withdrew the $75,000.00 from his savings account "TA-01802" at PACIFIC which he had deposited on December 30, 1980.

40. On or about January 5, 1981, MICHAEL F. McCARTHY withdrew $10,000.00 from his savings account "TA-01805" at PACIFIC which he had deposited on December 30, 1980.

41. On or about March 31, 1981, DANIEL R. MATSUKAGE authorized REFC to transfer mortgage trust fund money of $50,000.00 to its savings account "TA-560" at PACIFIC.

All in violation of Title 18, United States Code, Section 371 and Section 2.

COUNTS 2 THROUGH 74
(MAIL AND WIRE FRAUD)

THE GRAND JURY FURTHER CHARGES:

A. INTRODUCTION

At times material to this indictment:

1. DANIEL R. MATSUKAGE, defendant herein, was the president of Pacific Standard Investment and Loan, Inc., and the president of Real Estate Finance Corporation.

2. Pacific Standard Investment and Loan, Inc. hereinafter referred to as PACIFIC, an industrial loan company, was organized and existing under the laws of the State of Hawaii, with its principal place of business located at 888 Mililani Street, Honolulu, Hawaii. PACIFIC was authorized by state law to solicit public funds for deposit into PACIFIC and to make loans provided that PACIFIC complied with the laws,

regulations, restrictions, and limitations governing industrial loan companies in Hawaii.

3. Real Estate Finance Corporation, hereinafter referred to as REFC, a mortgage servicing company, was organized and existing under the laws of the State of Hawaii, with its principal place of business located at 888 Mililani Street, Honolulu, Hawaii. Pursuant to its agreements with mortgage companies, REFC would collect monthly mortgage payments, deposit those payments into trustee accounts at FDIC insured banks, forward monthly principal and interest payments to the mortgage companies, and pay property taxes and other mortgagor expenses when due.

4. CURTIS J. BERNHARDT, defendant herein, exercised control of Norfolk Investment Company, Ltd. and Norfolk's associated companies.

5. Norfolk Investment Co., Ltd., hereinafter referred to as NORFOLK, was organized and existing under the laws of the State of Hawaii, with its principal place of business located at 888 Mililani Street, Honolulu, Hawaii. NORFOLK and NORFOLK's associated companies were established for the purpose of attempting to profit from investments in real estate developments, oil ventures, fishing production and other interests.

6. MICHAEL F. McCARTHY, defendant herein, held principal administrative positions in NORFOLK and various NORFOLK associated companies.

7. HAROLD T. OKAHARA, JR., defendant herein, a Certified Public Accountant, was the Chief Financial Officer for the NORFOLK and NORFOLK associated companies.

8. CARL J. BERNHARDT, defendant herein, held administrative positions in NORFOLK and various NORFOLK companies.

B. SCHEME TO DEFRAUD

1. Beginning on or about December, 1977 and continuing to on or about September 8, 1981, within the District of Hawaii and elsewhere, DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR. and CARL J. BERNHARDT, defendants herein, and others, did devise, and intend to devise, a scheme and artifice to defraud and a scheme and artifice to obtain money and property by means of false and fraudulent pretenses, representations and promises and by omissions of material facts, well knowing at the time that the pretenses, representations and promises and omissions of material facts would be and were false when made and

the defendants, for the purpose of executing such scheme and artifice to defraud, and attempting to do so, (1) knowingly caused mail matter to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service, according to the directions thereon, in violation of Title 18, United States Code, Sections 1341, and (2) knowingly caused wire transmissions of writings, signs, signals and sounds in interstate commerce, in violation of Title 18, United States Code, Sections 1343.

2. The scheme was devised:

a) To defraud the REFC client mortgage companies of money belonging to the mortgage companies, which had been collected by REFC, by fraudulently diverting the money held in trust by REFC. This money was diverted by the defendants:

1) to PACIFIC to improve its deficit cash position and provide operating cash to PACIFIC; and,

2) to NORFOLK and NORFOLK's associated companies to support and finance its business interests.

b) to defraud home owners who made monthly mortgage payments to REFC on their mortgages and property taxes by fraudulently diverting the money REFC was to have paid to the City and County of Honolulu for property taxes and for other mortgagor expenses. This money was diverted by the defendants:

1) to PACIFIC to improve its deficit cash position and provide operating cash to PACIFIC, and

2) to NORFOLK and NORFOLK's associated companies to support and finance its business interests.

c) to defraud depositors of PACIFIC by providing money from public depositors to REFC, NORFOLK, NORFOLK's associated companies and NORFOLK employees:

1) without obtaining proper security to protect the deposits of PACIFIC,

2) making loans in amounts and under conditions which violated the conditions under which they were licensed to receive deposits from the public by State of Hawaii banking laws,

3) falsifying the records of PACIFIC to conceal PACIFIC's true financial position, and

4) Using the money from deposits in PACIFIC contrary to, and inconsistent with, safe and sound banking policy and practices.

C. ACTS BY THE DEFENDANTS IN FURTHERANCE OF THE SCHEME

1. In furtherance of the scheme and artifice to defraud the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, from December, 1977 and continuing until December 8, 1981 entered into and actively engaged in a community of business interests built upon mutual reliance, transactions and participation with each other to acquire, fund, maintain and expand the business interests of REFC, NORFOLK and NORFOLK's associated companies in real estate investment and development, oil ventures, fishing production, and other interests, by fraudulently taking, transferring and diverting monies held in the care and custody of REFC and in the care and custody of PACIFIC.

2. in Furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, and others, on or about December 28, 1978, when PACIFIC had a cash balance in its checking account of no more than $45,600, caused approximately $600,000 to be deposited and redeposited three different times in such a way to make it appear as if the capital stock of PACIFIC had increased by approximately $2,000,000, when in fact no such actual increase had taken place, so that the defendants could increase the total amount of money that PACIFIC could solicit from public investors.

3. In furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F.

McCARTHY, CARL J. BERNHARDT, and others, from 1978 to 1980, designed, organized and implemented depositor solicitation programs to attract large amounts of funds from members of the public to be deposited and reinvested at PACIFIC, said solicitation programs offering high interest rates and other said solicitation programs offering high interest rates and other benefits to depositors. These solicitation programs were:

(a) The six-month, $10,000 money-market investment certificate program,

(b) Smart Savers-Timberline Foods program,

(c) San Pedro Packers program,

(d) Simon and Seafort program,

(e) Slavish and Associates program,

(f) Jumbo interest program.

4. In furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others, from 1979 to June, 1981, caused PACIFIC's funds, acquired through the depositor solicitation programs, to be loaned, disbursed and advanced to the defendants, REFC, NORFOLK, and NORFOLK's associated companies and NORFOLK's employees, many of such loans, disbursements and advances being made to the detriment of PACIFIC and PACIFIC's depositors, contrary to safe and sound banking policy and practice, and in violation of state banking laws, said loans disbursements and advances being:

ACCOUNT NO.	NAME
04-01088	Velzeyland Properties
DATE	**AMOUNT**
12/31/79	$3,000,000.00
01/05/81	19,866.85
01/06/81	15,000.00
01/06/81	7,034.00
01/24/81	40,000.00
01/30/81	17,895.00
01/30/81	10,000.00
01/29/81	9,039.45
01/29/81	2,500.00
ACCOUNT NO.	**NAME**
04-01089	American Resources, Ltd.
DATE	**AMOUNT**
12/31/79	$2,511,248.94
01/30/81	12,795.00
ACCOUNT NO.	**NAME**
04-00997	Development, Inc.
DATE	**AMOUNT**
08/30/79	$1,475,000.00
ACCOUNT NO.	**NAME**
02-00865	Michael F. McCarthy
DATE	**AMOUNT**
12/29/78	$1,046,392.00

ACCOUNT NO.	NAME
02-00869	Michael F. McCarthy
DATE	AMOUNT
01/11/79	$ 33,000.00
ACCOUNT NO.	NAME
02-00987	Michael F. McCarthy
DATE	AMOUNT
08/23/79	$ 106,007.50
ACCOUNT NO.	NAME
02-00993	Michael F. McCarthy
DATE	AMOUNT
08/29/79	$ 219,013.69
ACCOUNT NO.	NAME
02-00994	Michael F. McCarthy
DATE	AMOUNT
08/29/79	$ 160,000.00
ACCOUNT NO.	NAME
02-00995	Michael F. McCarthy
DATE	AMOUNT
08/29/79	$ 65,000.00

ACCOUNT NO.	NAME
04-01013	Michael F. McCarthy
DATE	AMOUNT
09/28/79	$ 83,650.00
ACCOUNT NO.	NAME
04-01014	Michael F. McCarthy
DATE	AMOUNT
09/28/79	$ 124,500.00
ACCOUNT NO.	NAME
04-01015	Michael F. McCarthy
DATE	AMOUNT
09/28/79	$ 93,150.00
ACCOUNT NO.	NAME
02-01025	Michael F. McCarthy
DATE	AMOUNT
10/10/79	$ 260,000.00
ACCOUNT NO.	NAME
02-01030	Michael F. McCarthy
DATE	AMOUNT
10/12/79	$ 200,000.00

ACCOUNT NO.	NAME
01-01159	Michael F. McCarthy
DATE	AMOUNT
05/07/80	$ 10,000.00
ACCOUNT NO.	NAME
01-00958	San Pedro Packers
DATE	AMOUNT
07/20/79	$ 50,000.00
ACCOUNT NO.	NAME
02-01039	San Pedro Packers
DATE	AMOUNT
08/10/79	$ 500,000.00
ACCOUNT NO.	NAME
02-1040	San Pedro Packers
DATE	AMOUNT
10/29/79	$ 225,000.00
ACCOUNT NO.	NAME
04-01096	San Pedro Packers
DATE	AMOUNT
12/31/79	$ 111,809.35

ACCOUNT NO.	NAME
04-01008	Norfolk Investment Co., Ltd.
DATE	AMOUNT
09/21/78	$ 90,000.00
ACCOUNT NO.	NAME
04-00867	Norfolk Investment Co., Ltd.
DATE	AMOUNT
12/29/78	$1,150,000.00
ACCOUNT NO.	NAME
04-00866	Norfolk Investment Co., Ltd.
DATE	AMOUNT
12/29/79	$ 800,000.00
ACCOUNT NO.	NAME
04-00915	Real Estate Finance Corp.
DATE	AMOUNT
05/25/79	$1,982,000.00
ACCOUNT NO.	NAME
02-01012	Harold Okahara
DATE	AMOUNT
09/28/79	$ 470,544.25

ACCOUNT NO.	NAME
02-01033	Harold Okahara
DATE	AMOUNT
10/17/79	$ 285,009.75
ACCOUNT NO.	NAME
04-01062	Harold Okahara
DATE	AMOUNT
11/19/79	$1,419,562.95
ACCOUNT NO.	NAME
04-1152	Harold Okahara
DATE	AMOUNT
05/20/80	$ 13,200.00
ACCOUNT NO.	NAME
01-1153	Harold Okahara
DATE	AMOUNT
05/02/80	$ 19,419.58
ACCOUNT NO.	NAME
04-01162	Daniel R. Matsukage
DATE	AMOUNT
05/22/80	$ 192,000.00

5. In furtherance of and as part of the scheme and artifice to defraud,

the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others from 1979 to June, 1981, caused and attempted to cause security and collateral for loans previously made at PACIFIC to be released, subordinated and substituted for the benefit of the defendants, REFC, NORFOLK and NORFOLK's associated companies, such releases, subordinations and substitutions being made to the detriment of PACIFIC and PACIFIC's depositors, contrary to safe and sound banking policy and practice, and in violation of state banking laws, said releases, subordinations and substitutions being:

(a) The release and subordination of PACIFIC's secured position on or about April or May, 1980, to Parks, Adams and Palmer on the $3,000,000,

Velzeyland Properties, loan, number 04-01088.

(b) The release and subordination of PACIFIC's secured position on or about September 8, 1980, to that of Commercial Finance on the $3,000,000, Velzeyland Properties, loan, number 04-01088.

(c) The release and substitutions of collateral and security on the $1,982,000, REFC loan, number 04-00915, as follows:

(1) On or about December 4, 1979, a third mortgage on Makawao, Maui, property was released.

(2) On or about January 24, 1980, a second deed of trust on the Sappherine subdivision, Alaska, was substituted as the new collateral.

(3) On January 14, 1981, the Sappherine subdivision second deed of trust was released.

(d) the release and substitutions and attempted releases and substitutions on or about March 25, 1981, of the collateral and security for the REFC loans at PACIFIC for the collateral and security of the American Resources, Inc. and Velzeyland Properties, Ltd., loan.

6. In furtherance of the scheme and artifice to defraud the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others caused PACIFIC, in order to remedy the significant negative cash reserve position at Pacific, and to provide additional money to fund the defendants and the business activities of REFC, NORFOLK and NORFOLK's associated companies, to take in large deposits under circumstances and conditions unfavorable to the actual and ultimate financial condition of Pacific

and contrary to safe and sound banking policy and practice, said deposits and uses being as follows:

(a) On or about February 8, 1980, a deposit into a thrift account at PACIFIC for escrow purposes, in the amount of $506,421.21.

(b) On or about February 20, 19891, the above deposit with accrued interest ($617,246.08), was withdrawn and applied as a payment to the American Resources loan, number 04-01089.

(c) Deposits into a thrift account at PACIFIC, for Parks, Adams and Palmer, on or about:

DATES	AMOUNTS
April 17	$100,000
April 23	$300,000
April 30	$ 50,000
May 7	$ 90,000
May 12	$ 60,000
May 27	$151,000
April 10	$ 85,000
May 8	$ 50,000
May 13	$ 65,000
May 16	$ 15,000
May 16	$ 9,000
June 5	$ 6,000

June 10	$ 3,000
June 23	$ 2,000
June 27	$ 1,000

(e) Disbursements under the following loans:

ACCOUNT NO.	NAME
01-01159	MICHAEL F. McCARTHY
DATE	AMOUNT
May 7, 1980	$10,000.00
ACCOUNT NO.	NAME
04-01152	HAROLD T. OKAHARA, JR.
DATE	AMOUNT
May 2, 1980	$13,200.00
ACCOUNT NO.	NAME
04-01153	MICHAEL F. McCARTHY
DATE	AMOUNT
May 2, 1980	$19,419.58
ACCOUNT NO.	NAME
01-01162	DANIEL R. MATSUKAGE
DATE	AMOUNT
May 22, 1980	$192,000.00

(f) Reductions in the indebtedness of the following loans, in the following amounts:

NAME	ACCOUNT	AMOUNT
Velzeyland Properties	04-01088	$119,281.41
American Resources, Limited	04-01089	90,508.34
Associated Sunland Ventures, Inc.	05-01131	15,256.62
Norfolk Investment Co., Ltd.	01-01163	5,320.27
Michael F. McCarthy	01-01077	4,948.63
Harold T. Okahara, Jr.	01-01097	13,077.25
Harold T. Okahara, Jr.	01-01153	20,670.70
Harold T. Okahara, Jr.	01-01161	53,073.76
Harold T. Okahara, Jr.	04-01152	14,050.41
Laura Wong	01-01087	21,581.98
Robert Hoffman	04-00813	5,200.00
Harold Estes	02-00783	8,935.37

Michael F. McCarthy	01-01159	10,580.32
Norfolk Investment Co., Ltd.	04-01186	16,219.54
American Resources, Limited	01-01189	8,808.03
American Resources, Limited	01-01191	75,258.19
Accounts Rec. (Jewett Escrow)	135-011-0	18,138.00
Accounts Rec. (Norfolk)	135-011-0	14,677.63
A/R - Rental from Norfolk	135-011-0	24,200.00
Daniel R. Matsukage	04-01162	158,376.23
Closing costs- recording fee - $7.00 Title VCCI - $38.40		45.40
		$698,208.08

7. In furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F.

McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others; from 1978 to August, 1981 caused large amounts of mortgage funds, collected by REFC from home owners on behalf of their client mortgage companies, to be diverted to PACIFIC, NORFOLK and NORFOLK's associated companies, in violation of mortgage-servicing contracts between REFC and the mortgage companies.

8. In furtherance of and as part of the scheme and artifice to defraud, the defendants DANIEL R. MATSUKAGE, CURTIS J. BERNHARDT, MICHAEL F. McCARTHY, HAROLD T. OKAHARA, JR., CARL J. BERNHARDT, and others in 1980 and 1981, caused false and fraudulent entries, records, representations and omissions of material facts to be made, to be recorded and published by REFC to prevent the mortgage companies and the property owners from learning that the

monthly mortgage funds had been diverted to PACIFIC, NORFOLK and NORFOLK's associated companies, said false and fraudulent entries, records, representations and omissions being a) no recordation made of the transfers of REFC trust funds to PACIFIC, b) no recordation of advances to REFC, NORFOLK and NORFOLK companies, and c) no timely recordation of transfers of trust funds into the client mortgage accounts.

9. In furtherance of and as part of the scheme and artifice to defraud, the defendants and others from 1978 to June, 1981 caused false and fraudulent entries, records, representations and omissions of material facts to be made, recorded, published, and used by PACIFIC to prevent the depositors of PACIFIC from learning of the true and actual financial condition of PACIFIC, said false and fraudulent entries, records,

representations and omissions of material facts being:

(a) The capital stock, cash position and thrift account amounts on the year-ending and mid-year published financial statements of PACIFIC, for years 1978, 1979 and 1980.

(b) The cash on had section of the daily cash position reports from June 3, 1980, to September 11, 1980, and from November 1, 1980, to November 15, 1980.

(c) The thrift account section on the daily cash position reports of 1980 and 1981 which did not reflect the transfer of illegally transferred REFC trust funds.

D. THE MAILINGS
(COUNTS 2 THROUGH 49)

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants

knowingly caused, on or about the date designated below, to be delivered by the United States Postal Service, according to the directions thereon, an envelope containing the monthly mortgage payment from the victim owner designated below, said envelop addressed to Real Estate Finance Corporation, 888 Mililani Street, Honolulu, Hawaii:

COUNT NUMBER	DATE OF MAILING	VICTIM HOME OWNER
2	April 1, 1980	Yutaka Miyazaki 46-084 Maeka Place, Kaneohe, Hawaii
3	April 1, 1980	Paul C. Diggs 2334 Komo Mai Drive Pearl City, Hawaii

4	April 1, 1980	Mrs. Ethel Tanaka 45-305 Makalani Street Kaneohe, Hawaii
5	April 1, 1980	Claudio Casupang 2008 Aamomi Street Pearl City, Hawaii
6	April 1, 1980	Walter Nakaki 2485 Aapi Place Pearl City, Hawaii
7	July 1, 1980	Yutaka Miyazaki 46-084 Maeka Place Kaneohe, Hawaii
8	July 1, 1980	Paul C. Diggs 2334 Komo Mai Drive Pearl City, Hawaii
9	July 1, 1980	Sakao Nasu 1349 Ala Aolani Street Honolulu, Hawaii

10	July 1, 1980	Wynne Wilhelmina 672 Ulumalu Street Kailua, Hawaii
11	July 1, 1980	Adam Soliven 2560 Komo Mai Drive Pearl City, Hawaii
12	July 1, 1980	Vincent S. Aoki, M.D. 321 N. Kuakini St., #508 Honolulu, Hawaii
13	August 1, 1980	Yutaka Miyazaki 46-084 Maeka Place Kaneohe, Hawaii
14	August 1, 1980	Carol Levi 1636 Hoolaulea Street Pearl City, Hawaii
15	August 1, 1980	Mrs. Ethel Tanaka 45-305 Makalani Street Kaneohe, Hawaii

16	August 1, 1980	Nancy Nagata 1534 Ala Aoloa Loop Honolulu, Hawaii
17	August 1, 1980	Ronald Shinmoto 1551 Ala Aoloa Loop Honolulu, Hawaii
18	September 1, 1980	Yutaka Miyazaki 46-084 Maeka Place Kaneohe, Hawaii
19	September 1, 1980	Claudio Casupang 2008 Aamomi Street Pearl City, Hawaii
20	September 1, 1980	Lung Ting Liang 461 Opihikao Place Honolulu, Hawaii
21	September 1, 1980	Julie Kashiwamura 1745 Ala Aolani Place Honolulu, Hawaii

22	September 1, 1980	Robert Jenkins 1654 Hoonipo Street Pearl City, Hawaii
23	November 1, 1980	Yutaka Miyazaki 46-084 Maeka Place, Kaneohe, Hawaii
24	November 1, 1980	Walter Nakaki 2485 Aapi Place, Pearl City, Hawaii
25	November 1, 1980	Norito Sagawa, 1828 Ala Aolani Street, Honolulu, Hawaii
26	November 1, 1980	Cynthia Fujikawa 1751 Ala Noe Way Honolulu, Hawaii
27	March 1, 1981	Yutaka Miyazaki 46-084 Maeka Place, Kaneohe, Hawaii

28	March 1, 1981	Paul C. Diggs, 2334 Komo Mai Drive, Pearl City, Hawaii
29	March 1, 1981	Jack Hokama 45-062 Namoku Street Kaneohe, Hawaii
30	March 1, 1981	Edgar T. Ideta, 45-532 Alokahi Place, Kaneohe, Hawaii

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNTS 31 THROUGH 39

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about the date designated below, to be delivered by the United States Postal Service, according to the directions thereon, an envelope

containing a certification of payment of property taxes from Real Estate Finance Corporation, 888 Mililani Street, Honolulu, Hawaii, addressed to the victim mortgage company designated below:

COUNT NUMBER	DATE OF MAILING	VICTIM MORTGAGE COMPANY
31	March 25, 1981	Burritt Mutual Savings Bank 267 Main Street New Britain, Connecticut
32	August 26, 1980	Burritt Mutual Savings Bank 267 Main Street New Britain, Connecticut
33	March 25, 1981	Western Federal Savings & Loan Association of Denver, P.O. Box 5807 T.A. Denver, Colorado 80217
34	August 26, 1980	Eagle Savings Association 580 Walnut Street, Cincinnati, Ohio 45202

35	August 26, 1980	Bankers National Life Insurance Co., Parsippany, New Jersey 07051
36	August 26, 1980	Security Federal Savings & Loan Association, 1209 Milwaukee Avenue, Chicago, IL 60622
37	March 25, 1981	Security Federal Savings & Loan Association, 1209 Milwaukee Avenue, Chicago, IL 60622
38	August 26, 1980	People's Federal Savings & Loan Association 121 N. Market Street, Wooster, Ohio 44691
39	March 25, 1981	People's Federal Savings & Loan Association 121 N. Market Street, Wooster, Ohio 44691

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT 40

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about March 14, 1980, to be delivered by the United States Postal Service, according to the directions thereon, an envelope containing the PACIFIC solicitation program pamphlets from American Resources, Limited, 733 Bishop Street, Suite 2540, Honolulu, Hawaii, to Brian Adams, c/o Parks, Adams & Palmer, 465 So. Beverly Drive, Beverly Hills, California.

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNT 41

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about April 14, 1980, to be delivered by the United States Postal Service, according to the directions thereon, an envelope containing a letter and a copy of the financial condition of PACIFIC, INC. as of the close of business of December 31, 1979, from Michael F. McCarthy, Attorney at Law, 2117 Keeaumoku Street, Honolulu, Hawaii, to Jim Palmer, Parks, Adams & Palmer, Certified Public Accountant, 465 S. Beverly Drive, Beverly Hills, California.

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNT 42

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about May 6, 1980, to be delivered by the United States Postal Service, according to the directions thereon, an envelope containing a letter authorizing the issuance of a wire transfer from Parks, Adams & Palmer, Certified Public Accountant, 465 So. Beverly Drive, Beverly Hills, California, to Westwood National Bank, Los Angeles, California.

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNT 43

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about May 27,

1980, to be delivered by the United States Postal Service, according to the directions thereon, an envelope containing a letter of receipt of $151,000.00 for deposit into the escrow account from Real Estate Finance Corporation, 888 Mililani Street, Honolulu, Hawaii, to Parks, Adams & Palmer, Certified Public Accountant, 465 So. Beverly Drive, Beverly Hills, California.

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNT 44

The Grand Jury further charges:

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about June 30, 1980, to be delivered by the United States Postal Service, according to the

directions thereon, an envelope containing a letter stating the amount of interest due Parks, Adams & Palmer from Parks, Adams & Palmer, Certified Public Accountant, 465 S. Beverly Drive, Beverly Hills, California to Harold Okahara, Velzeyland Properties, 888 Mililani Street, #201, Honolulu, Hawaii.

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNTS 45 THROUGH 48

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly caused, on or about December 8, 1981, to be delivered by the United States Postal Service, according to the directions thereon, a Western Union mailgram containing an intent to sell REFC's mortgage servicing portfolio

from Real Estate Finance Corporation, 888 Mililani Street, Honolulu, Hawaii, addressed to the victim mortgage company designated below:

Count Number	Victim Mortgage Company
45	Bankers National Life Insurance Co., 1599 Littleton Road, Parsipanny, New Jersey 07051
46	Burritt Mutual Savings Bank, 267 Main Street New Britain, Connecticut 06051
47	Crestmont Savings and Loan Association, 1886 Springfield Avenue Maplewood, New Jersey 07040
48	Magyar Savings and Loan Association, P. O. Box 1365, New Brunswick, New Jersey 08903

All in violation of Title 18, United States Code, Section 1341 and Section 2.

COUNTS 49 through 66

For the purpose of executing the aforesaid scheme and artifice to defraud

and attempting to do so, the defendants knowingly caused, on or about the date designated below, to be delivered by the United States Postal Service, according to the directions thereon, an envelope containing a monthly mortgage company trial balance from Real Estate Finance Corporation, 888 Mililani Street, Honolulu, Hawaii, addressed to the victim mortgage company designated below:

COUNT NUMBER	DATE OF MAILING	VICTIM MORTGAGE COMPANY
49	July 20,1980	Pacific Standard Life Insurance Company P.O. Box 1796, Sacramento, CA 95808

50	July 20, 1980	Northern Federal Savings and Loan Association Sixth at Washa, St. Paul, MN 55102
51	July 20, 1980	Crestmont Savings and Loan Association 1886 Springfield Avenue Maplewood, NJ 07040
52	July 20, 1980	Peoples Federal Savings and Loan Association 121 N. Market Street, Wooster OH 44691
53	July 20, 1980	Anaheim Savings and Loan Association 112 Lemon Street Anaheim, CA 92803

54	July 20, 1980	Dry Dock Savings Bank 742 Lexington Avenue New York, NY 10022
55	August 20, 1980	Eagles Savings Association 580 Walnut Street Cincinnati, OH 45202
56	August 20, 1980	First National Savings formerly known as: West Side Federal Savings and Loan Association P.O. Box 850 Daley City, CA 94017
57	August 20, 1980	Western Federal Savings and Loan Association of Denver 700 17th Street Denver, CO 80202

58	August 20, 1980	Magyar Savings and Loan Association P.O. Box 1365, New Brunswick, NJ 08903
59	August 20, 1980	North Side Savings Bank 185 West 231st Street Bronx, NY 10463
60	August 20, 1980	Pacific Standard Life Insurance Company P.O. Box 1796 Sacramento, CA 95808
61	July 20, 1980	Seamen's Bank for Savings P.O. Box 540 New York, NY 10005
62	September 20, 1980	Seamen's Bank for Savings P.O. Box 540 New York, NY 10005

63	October 20, 1980	Seamen's Bank for Savings P.O. Box 540 New York, NY 10005
64	October 20, 1980	North Side Savings Bank 185 West 231st Street Bronx, New York 10463
65	October 20, 1980	First Nationwide Savings formerly known as West Side Federal Savings and Loan Association P.O. Box 850 Daley City, CA 94107
66	April 20, 1980	Pacific Standard Life Insurance Company, P.O. Box 1796, Sacramento, CA 95808

All in violation of Title 18, United States Code, Section 1341 and 2.

E. WIRES
(COUNTS 67 THROUGH 74)

For the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, the defendants knowingly transmitted and caused to be transmitted on the date designated below, certain writings, signs, signals, and sounds in interstate commerce by means of a wire communication, that is a wire transfer of funds, between Hawaii and the bank and location designated in the amount designated below:

COUNT NUMBER	DATE WIRE OF TRANSMISSION
67	04/17/80
BANK LOCATION	AMOUNT
United California Bank, Los Angeles, California	$100,000.00

COUNT NUMBER	DATE WIRE OF TRANSMISSION
68	04/23/80
BANK LOCATION	AMOUNT
Bank of America, San Francisco, California	$300,000.00

COUNT NUMBER	DATE WIRE OF TRANSMISSION
69	04/30/80
BANK LOCATION	AMOUNT
United California Bank, Los Angeles, California	$50,000.00

COUNT NUMBER	DATE WIRE OF TRANSMISSION
70	05/07/80
BANK LOCATION	AMOUNT
Security Pacific National Bank, Los Angeles California	$90,000.00

COUNT NUMBER	DATE WIRE OF TRANSMISSION
71	05/12/80
BANK LOCATION	AMOUNT
Security Pacific National Bank, Los Angeles California	$60,000.00

COUNT NUMBER	DATE WIRE OF TRANSMISSION
72	02/08/80
BANK LOCATION	AMOUNT
Bank of America, San Francisco, California	$506,421.21

COUNT NUMBER	DATE WIRE OF TRANSMISSION
73	03/24/80
BANK LOCATION	AMOUNT
Alaska Pacific Bank Anchorage, Alaska	$65,000.00

COUNT NUMBER	DATE WIRE OF TRANSMISSION
74	01/04/80
BANK LOCATION	AMOUNT
Alaska Pacific Bank Anchorage, Alaska	$250,000.00

All in violation of Title 18, United States Code, Section 1343 and Section 2.

DATED: _____, at Honolulu, Hawaii.

A TRUE BILL

_____
FOREPERSON, GRAND JURY

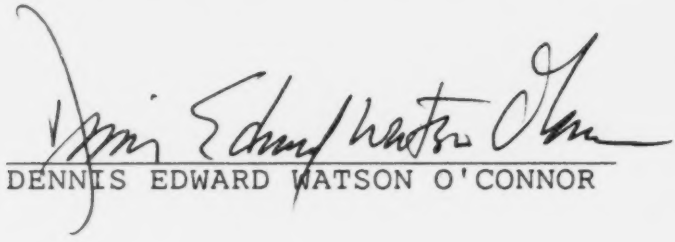
_____
UNITED STATES ATTORNEY

_____
ASSISTANT UNITED STATES ATTORNEY

_____
SPECIAL ASSISTANT U.S. ATTORNEY

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of August, 1988, three copies of the Supplemental Appendix (Superseding Indictment for Conspiracy and Mail and Wire Fraud) will be mailed, postage prepaid, to Daniel Bent, United States District Courthouse, 300 Ala Moana Boulevard, Room C-242, Honolulu, Hawaii 96813; John F. DePue, Appellate Justice, Washington D.C. 20530. I further certify that all parties required to be served have been served.



DENNIS EDWARD WATSON O'CONNOR